

106TH CONGRESS  
1ST SESSION

# H. R. 436

To reduce waste, fraud, and error in Government programs by making improvements with respect to Federal management and debt collection practices, Federal payment systems, Federal benefit programs, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 1999

Mr. HORN (for himself, Mr. WAXMAN, Mr. DAVIS of Virginia, Mrs. BIGGERT, Mr. SESSIONS, and Mr. DAVIS of Florida) introduced the following bill; which was referred to the Committee on Reform, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To reduce waste, fraud, and error in Government programs by making improvements with respect to Federal management and debt collection practices, Federal payment systems, Federal benefit programs, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
 3 “Government Waste, Fraud, and Error Reduction Act of  
 4 1999”.

5 (b) TABLE OF CONTENTS.—The table of contents for  
 6 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Purposes.
- Sec. 3. Definition.
- Sec. 4. Application of Act.

TITLE I—GENERAL MANAGEMENT IMPROVEMENTS

- Sec. 101. Improving financial management.
- Sec. 102. Improving travel management.

TITLE II—IMPROVING FEDERAL DEBT COLLECTION PRACTICES

- Sec. 201. Miscellaneous technical corrections to subchapter II of chapter 37 of title 31, United States Code.
- Sec. 202. Barring delinquent Federal debtors from obtaining Federal benefits.
- Sec. 203. Collection and compromise of nontax debts and claims.

TITLE III—SALE OF NONTAX DEBTS OWED TO UNITED STATES

- Sec. 301. Authority to sell nontax debts.
- Sec. 302. Requirement to sell certain nontax debts.

TITLE IV—TREATMENT OF HIGH VALUE NONTAX DEBTS

- Sec. 401. Annual report on high value nontax debts.
- Sec. 402. Review by Inspectors General.
- Sec. 403. Requirement to seek seizure and forfeiture of assets securing high value nontax debt.

TITLE V—FEDERAL PAYMENTS

- Sec. 501. Promoting electronic payments.

7 **SEC. 2. PURPOSES.**

8 The purposes of this Act are the following:

- 9 (1) To reduce waste, fraud, and error in Fed-  
 10 eral benefit programs.
- 11 (2) To focus Federal agency management at-  
 12 tention on high-risk programs.

1           (3) To better collect debts owed to the United  
2       States.

3           (4) To improve Federal payment systems.

4           (5) To improve reporting on Government oper-  
5       ations.

6 **SEC. 3. DEFINITION.**

7       As used in this Act, the term “nontax debt” means  
8 any debt (within the meaning of that term as used in  
9 chapter 37 of title 31, United States Code) other than a  
10 debt under the Internal Revenue Code of 1986 or the Tar-  
11 iff Act of 1930.

12 **SEC. 4. APPLICATION OF ACT.**

13       No provision of this Act shall apply to the Depart-  
14 ment of the Treasury or the Internal Revenue Service to  
15 the extent that such provision—

16           (1) involves the administration of the internal  
17 revenue laws; or

18           (2) conflicts with the Internal Revenue Service  
19 Restructuring and Reform Act of 1998, the Internal  
20 Revenue Code of 1986, or the Tariff Act of 1930.

21                           **TITLE I—GENERAL**  
22                           **MANAGEMENT IMPROVEMENTS**

23 **SEC. 101. IMPROVING FINANCIAL MANAGEMENT.**

24       Section 3515 of title 31, United States Code, is  
25 amended—

1 (1) in subsection (a)—

2 (A) by striking “1997” and inserting  
3 “2000”; and

4 (B) by inserting “Congress and” after  
5 “submit to”;

6 (2) by striking subsection (e); and

7 (3) by striking subsections (f), (g), and (h).

8 **SEC. 102. IMPROVING TRAVEL MANAGEMENT.**

9 (a) LIMITED EXCLUSION FROM REQUIREMENT RE-  
10 GARDING OCCUPATION OF QUARTERS.—Section 5911(e)  
11 of title 5, United States Code, is amended by adding at  
12 the end the following new sentence: “The preceding sen-  
13 tence shall not apply with respect to lodging provided  
14 under chapter 57 of this title.”.

15 (b) USE OF TRAVEL MANAGEMENT CENTERS,  
16 AGENTS, AND ELECTRONIC PAYMENT SYSTEMS.—

17 (1) REQUIREMENT TO ENCOURAGE USE.—The  
18 head of each executive agency shall, with respect to  
19 travel by employees of the agency in the perform-  
20 ance of the employment duties by the employee, re-  
21 quire, to the extent practicable, the use by such em-  
22 ployees of travel management centers, travel agents  
23 authorized for use by such employees, and electronic  
24 reservation and payment systems for the purpose of

1 improving efficiency and economy regarding travel  
2 by employees of the agency.

3 (2) PLAN FOR IMPLEMENTATION.—(A) The Ad-  
4 ministrator of General Services shall develop a plan  
5 regarding the implementation of this subsection and  
6 shall, after consultation with the heads of executive  
7 agencies, submit to Congress a report describing  
8 such plan and the means by which such agency  
9 heads plan to ensure that employees use travel man-  
10 agement centers, travel agents, and electronic res-  
11 ervation and payment systems as required by this  
12 subsection.

13 (B) The Administrator shall submit the plan re-  
14 quired under subparagraph (A) not later than March  
15 31, 2000.

16 (c) PAYMENT OF STATE AND LOCAL TAXES ON  
17 TRAVEL EXPENSES.—

18 (1) IN GENERAL.—The Administrator of Gen-  
19 eral Services shall develop a mechanism to ensure  
20 that employees of executive agencies are not inap-  
21 propriately charged State and local taxes on travel  
22 expenses, including transportation, lodging, auto-  
23 mobile rental, and other miscellaneous travel ex-  
24 penses.

1           (2) REPORT.—Not later than March 31, 2000,  
 2           the Administrator shall, after consultation with the  
 3           heads of executive agencies, submit to Congress a  
 4           report describing the steps taken, and proposed to  
 5           be taken, to carry out this subsection.

## 6   **TITLE II—IMPROVING FEDERAL** 7   **DEBT COLLECTION PRACTICES**

### 8   **SEC. 201. MISCELLANEOUS TECHNICAL CORRECTIONS TO** 9                           **SUBCHAPTER II OF CHAPTER 37 OF TITLE 31,** 10                          **UNITED STATES CODE.**

11       (a) CHILD SUPPORT ENFORCEMENT.—Section  
 12 3716(h)(3) of title 31, United States Code, is amended  
 13 to read as follows:

14           “(3) In applying this subsection with respect to  
 15       any debt owed to a State, other than past due sup-  
 16       port being enforced by the State, subsection  
 17       (c)(3)(A) shall not apply.”.

18       (b) DEBT SALES.—Section 3711 of title 31, United  
 19 States Code, is amended by striking subsection (i).

20       (c) GAINSHARING.—Section 3720C(b)(2)(D) of title  
 21 31, United States Code, is amended by striking “delin-  
 22 quent loans” and inserting “debts”.

23       (d) PROVISIONS RELATING TO PRIVATE COLLECTION  
 24 CONTRACTORS.—

1           (1) COLLECTION BY SECRETARY OF THE  
2       TREASURY.—Section 3711(g) of title 31, United  
3       States Code, is amended by adding at the end the  
4       following:

5       “(11) In attempting to collect under this subsection  
6       through the use of garnishment any debt owed to the  
7       United States, a private collection contractor shall not be  
8       precluded from verifying the debtor’s current employer,  
9       the location of the payroll office of the debtor’s current  
10      employer, the period the debtor has been employed by the  
11      current employer of the debtor, and the compensation re-  
12      ceived by the debtor from the current employer of the  
13      debtor.

14      “(12)(A) The Secretary of the Treasury shall provide  
15      that any contract with a private collection contractor  
16      under this subsection shall include a provision in the con-  
17      tract that the contractor shall be subject to penalties  
18      under the contract—

19           “(i) if the contractor fails to comply with any  
20      restrictions imposed under applicable law regarding  
21      the collection activities of debt collectors; or

22           “(ii) if the contractor engages in unreasonable  
23      or abusive debt collection practices in connection  
24      with the collection of debt under the contract.

1       “(B) Notwithstanding any other provision of law, a  
2 private collection contractor under this subsection shall  
3 not be subject to any liability or contract penalties in con-  
4 nection with efforts to collect a debt pursuant to a con-  
5 tract under this subsection by reason of actions that are  
6 required by the contract or by applicable law or regula-  
7 tions.

8       “(13) In evaluating the performance of a contractor  
9 under any contract entered into under this subsection, the  
10 Secretary of the Treasury shall consider the contractor’s  
11 gross collections net of commissions (as a percentage of  
12 account amounts placed with the contractor) under the  
13 contract. The frequency of valid debtor complaints shall  
14 also be considered in the evaluation criteria.

15       “(14) In selecting contractors for performance of col-  
16 lection services, the Secretary of the Treasury shall evalu-  
17 ate bids received through a methodology that considers the  
18 bidder’s prior performance in terms of net amounts col-  
19 lected under Government collection contracts of similar  
20 size, if applicable. The frequency of valid debtor com-  
21 plaints shall also be considered in the evaluation criteria.”.

22               (2) COLLECTION BY PROGRAM AGENCY.—Sec-  
23 tion 3718 of title 31, United States Code, is amend-  
24 ed by adding at the end the following:



1       “(h) In attempting to collect under this subsection  
2 through the use of garnishment any debt owed to the  
3 United States, a private collection contractor shall not be  
4 precluded from verifying the current place of employment  
5 of the debtor, the location of the payroll office of the debt-  
6 or’s current employer, the period the debtor has been em-  
7 ployed by the current employer of the debtor, and the com-  
8 pensation received by the debtor from the current em-  
9 ployer of the debtor.

10       “(i)(1) The head of an executive, judicial, or legisla-  
11 tive agency that contracts with a private collection con-  
12 tractor to collect a debt owed to the agency, or a guaranty  
13 agency or institution of higher education that contracts  
14 with a private collection contractor to collect a debt owed  
15 under any loan program authorized under title IV of the  
16 Higher Education Act of 1965, shall include a provision  
17 in the contract that the contractor shall be subject to pen-  
18 alties under the contract—

19               “(A) if the contractor fails to comply with any  
20 restrictions imposed under applicable law on the col-  
21 lection activities of debt collectors; or

22               “(B) if the contractor engages in unreasonable  
23 or abusive debt collection practices in connection  
24 with the collection of debt under the contract.

1       “(2) Notwithstanding any other provision of law, a  
2 private collection contractor under this section shall not  
3 be subject to any liability or contract penalties in connec-  
4 tion with efforts to collect a debt owed to an executive,  
5 judicial, or legislative agency, or owed under any loan pro-  
6 gram authorized under title IV of the Higher Education  
7 Act of 1965, by reason of actions required by the contract,  
8 or by applicable law or regulations.

9       “(j) In evaluating the performance of a contractor  
10 under any contract for the performance of debt collection  
11 services entered into by an executive, judicial, or legislative  
12 agency, the head of the agency shall consider the contrac-  
13 tor’s gross collections net of commissions (as a percentage  
14 of account amounts placed with the contractor) under the  
15 contract. The frequency of valid debtor complaints shall  
16 also be considered in the evaluation criteria.

17       “(k) In selecting contractors for performance of col-  
18 lection services, the head of an executive, judicial, or legis-  
19 lative agency shall evaluate bids received through a meth-  
20 odology that considers the bidder’s prior performance in  
21 terms of net amounts collected under government collec-  
22 tion contracts of similar size, if applicable. The frequency  
23 of valid debtor complaints shall also be considered in the  
24 evaluation criteria.”.

1           (3) CONSTRUCTION.—None of the amendments  
2       made by this subsection shall be construed as alter-  
3       ing or superseding the provisions of title 11, United  
4       States Code, or section 6103 of the Internal Reve-  
5       nue Code of 1986.

6       (e) CLERICAL AMENDMENT.—Section 3720A(h) of  
7       title 31, United States Code, is amended—

8           (1) beginning in paragraph (3), by striking the  
9       close quotation marks and all that follows through  
10      the matter preceding subsection (i); and

11          (2) by adding at the end the following:

12      “For purposes of this subsection, the disbursing official  
13      for the Department of the Treasury is the Secretary of  
14      the Treasury or his or her designee.”.

15      (f) CORRECTION OF REFERENCES TO FEDERAL  
16      AGENCY.—(1) Sections 3716(c)(6) and 3720A(a), (b), (c),  
17      and (e) of title 31, United States Code, are each amended  
18      by striking “Federal agency” each place it appears and  
19      inserting “executive, judicial, or legislative agency”.

20          (2) Section 3716(h)(2)(C), of title 31, United States  
21      Code, is amended by striking “a Federal agency” and in-  
22      serting “an executive, judicial, or legislative agency”.

23      (g) CLARIFICATION OF INAPPLICABILITY OF ACT TO  
24      CERTAIN AGENCIES.—Notwithstanding any other provi-  
25      sion of law, no provision in this Act, the Debt Collection

1 Improvement Act of 1996 (chapter 10 of title III of Public  
 2 Law 104–134; 31 U.S.C. 3701 note), chapter 37 or sub-  
 3 chapter II of chapter 33 of title 31, United States Code,  
 4 or any amendments made by such Acts or any regulations  
 5 issued thereunder, shall apply to activities carried out pur-  
 6 suant to a law enacted to protect, operate, and administer  
 7 any deposit insurance funds, including the resolution and  
 8 liquidation of failed or failing insured depository institu-  
 9 tions.

10 (h) CONTRACTS FOR COLLECTION SERVICES.—Sec-  
 11 tion 3718 of title 31, United States Code, is amended—

12 (1) in the first sentence of subsection (b)(1)(A),  
 13 by inserting “, or any monetary claim, including any  
 14 claims for civil fines or penalties, asserted by the At-  
 15 torney General” before the period;

16 (2) in the third sentence of subsection  
 17 (b)(1)(A)—

18 (A) by inserting “or in connection with  
 19 other monetary claims” after “collection of  
 20 claims of indebtedness”;

21 (B) by inserting “or claim” after “the in-  
 22 debtedness”; and

23 (C) by inserting “or other person” after  
 24 “the debtor”; and

1 (3) in subsection (d), by inserting “or any other  
2 monetary claim of” after “indebtedness owed”.

3 **SEC. 202. BARRING DELINQUENT FEDERAL DEBTORS FROM**  
4 **OBTAINING FEDERAL BENEFITS.**

5 (a) IN GENERAL.—Section 3720B of title 31, United  
6 States Code, is amended to read as follows:

7 **“§ 3720B. Barring delinquent Federal debtors from**  
8 **obtaining Federal benefits**

9 “(a)(1) A person shall not be eligible for the award  
10 or renewal of any Federal benefit described in paragraph  
11 (2) if the person has an outstanding nontax debt that is  
12 in a delinquent status with any executive, judicial, or legis-  
13 lative agency, as determined under standards prescribed  
14 by the Secretary of the Treasury. Such a person may ob-  
15 tain additional Federal benefits described in paragraph (2)  
16 only after such delinquency is resolved in accordance with  
17 those standards.

18 “(2) The Federal benefits referred to in paragraph  
19 (1) are the following:

20 “(A) Financial assistance in the form of a loan  
21 (other than a disaster loan) or loan insurance or  
22 guarantee.

23 “(B) Any Federal permit or license otherwise  
24 required by law.

1 “(b) The Secretary of the Treasury may exempt any  
2 class of claims from the application of subsection (a) at  
3 the request of an executive, judicial, or legislative agency.

4 “(c)(1) The head of any executive, judicial, or legisla-  
5 tive agency may waive the application of subsection (a)  
6 to any Federal benefit that is administered by the agency  
7 based on standards promulgated by the Secretary of the  
8 Treasury.

9 “(2) The head of an executive, judicial, or legislative  
10 agency may delegate the waiver authority under para-  
11 graph (1) to the chief financial officer of the agency.

12 “(3) The chief financial officer of an agency to whom  
13 waiver authority is delegated under paragraph (2) may re-  
14 delegate that authority only to the deputy chief financial  
15 officer of the agency. The deputy chief financial officer  
16 may not redelegate such authority.

17 “(d) As used in this section, the term ‘nontax debt’  
18 means any debt other than a debt under the Internal Rev-  
19 enue Code of 1986 or the Tariff Act of 1930.”.

20 (b) CLERICAL AMENDMENT.—The table of sections  
21 at the beginning of chapter 37 of title 31, United States  
22 Code, is amended by striking the item relating to section  
23 3720B and inserting the following:

“3720B. Barring delinquent Federal debtors from obtaining Federal benefits.”.

1 (c) CONSTRUCTION.—The amendment made by this  
2 section shall not be construed as altering or superseding  
3 the provisions of title 11, United States Code.

4 **SEC. 203. COLLECTION AND COMPROMISE OF NONTAX**  
5 **DEBTS AND CLAIMS.**

6 (a) USE OF PRIVATE COLLECTION CONTRACTORS  
7 AND FEDERAL DEBT COLLECTION CENTERS.—Para-  
8 graph (5) of section 3711(g) of title 31, United States  
9 Code, is amended to read as follows:

10 “(5)(A) Nontax debts referred or transferred under  
11 this subsection shall be serviced, collected, or com-  
12 promised, or collection action thereon suspended or termi-  
13 nated, in accordance with otherwise applicable statutory  
14 requirements and authorities.

15 “(B) The head of each executive agency that operates  
16 a debt collection center may enter into an agreement with  
17 the Secretary of the Treasury to carry out the purposes  
18 of this subsection.

19 “(C) The Secretary of the Treasury shall—

20 “(i) maintain a schedule of private collection  
21 contractors and debt collection centers operated by  
22 agencies that are eligible for referral of claims under  
23 this subsection;

1           “(ii) maximize collections of delinquent nontax  
2       debts by referring delinquent nontax debts to private  
3       collection contractors promptly;

4           “(iii) maintain competition between private col-  
5       lection contractors;

6           “(iv) ensure, to the maximum extent prac-  
7       ticable, that a private collection contractor to which  
8       a nontax debt is referred is responsible for any ad-  
9       ministrative costs associated with the contract under  
10      which the referral is made.

11       “(D) As used in this paragraph, the term ‘nontax  
12   debt’ means any debt other than a debt under the Internal  
13   Revenue Code of 1986 or the Tariff Act of 1930.”.

14       (b) LIMITATION ON DISCHARGE BEFORE USE OF  
15   PRIVATE COLLECTION CONTRACTOR OR DEBT COLLEC-  
16   TION CENTER.—Paragraph (9) of section 3711(g) of title  
17   31, United States Code, is amended—

18           (1) by redesignating subparagraphs (A) through  
19       (H) as clauses (i) through (viii);

20           (2) by inserting “(A)” after “(9)”;

21           (3) in subparagraph (A) (as designated by  
22       paragraph (2) of this subsection) in the matter pre-  
23       ceding clause (i) (as designated by paragraph (1) of  
24       this subsection), by inserting “and subject to sub-  
25       paragraph (B)” after “as applicable”; and



1 (4) by adding at the end the following:

2 “(B)(i) The head of an executive, judicial, or legisla-  
 3 tive agency may not discharge a nontax debt or terminate  
 4 collection action on a nontax debt unless the debt has been  
 5 referred to a private collection contractor or a debt collec-  
 6 tion center, referred to the Attorney General for litigation,  
 7 sold without recourse, administrative wage garnishment  
 8 has been undertaken, or in the event of bankruptcy, death,  
 9 or disability.

10 “(ii) The head of an executive, judicial, or legislative  
 11 agency may waive the application of clause (i) to any  
 12 nontax debt, or class of nontax debts if the head of the  
 13 agency determines that the waiver is in the best interest  
 14 of the United States.

15 “(iii) As used in this subparagraph, the term ‘nontax  
 16 debt’ means any debt other than a debt under the Internal  
 17 Revenue Code of 1986 or the Tariff Act of 1930.”.

18 **TITLE III—SALE OF NONTAX**  
 19 **DEBTS OWED TO UNITED**  
 20 **STATES**

21 **SEC. 301. AUTHORITY TO SELL NONTAX DEBTS.**

22 (a) PURPOSE.—The purpose of this section is to pro-  
 23 vide that the head of each executive, judicial, or legislative  
 24 agency shall establish a program of nontax debt sales in  
 25 order to—

1           (1) minimize the loan and nontax debt port-  
2       folios of the agency;

3           (2) improve credit management while serving  
4       public needs;

5           (3) reduce delinquent nontax debts held by the  
6       agency;

7           (4) obtain the maximum value for loan and  
8       nontax debt assets; and

9           (5) obtain valid data on the amount of the Fed-  
10      eral subsidy inherent in loan programs conducted  
11      pursuant to the Federal Credit Reform Act of 1990  
12      (Public Law 93–344).

13       (b) SALES AUTHORIZED.—(1) The head of an execu-  
14      tive, judicial, or legislative agency may sell, subject to sec-  
15      tion 504(b) of the Federal Credit Reform Act of 1990 (2  
16      U.S.C. 661c(b)) and using competitive procedures, any  
17      nontax debt owed to the United States that is adminis-  
18      tered by the agency.

19       (2) Costs the agency incurs in selling nontax debt  
20      pursuant to this section may be deducted from the pro-  
21      ceeds received from the sale. Such costs may include, but  
22      are not limited to—

23           (A) the costs of any contract for identification,  
24      billing, or collection services;

1 (B) the costs of contractors assisting in the sale  
2 of nontax debt;

3 (C) the fees of appraisers, auctioneers, and re-  
4 alty brokers;

5 (D) the costs of advertising and surveying; and

6 (E) other reasonable costs incurred by the  
7 agency.

8 (3) Sales of nontax debt under this section—

9 (A) shall be for—

10 (i) cash; or

11 (ii) cash and a residuary equity, joint ven-  
12 ture, or profit participation, if the head of the  
13 agency, in consultation with the Director of the  
14 Office of Management and Budget and the Sec-  
15 retary of the Treasury, determines that the pro-  
16 ceeds will be greater than the proceeds from a  
17 sale solely for cash;

18 (B) shall be without recourse against the  
19 United States, but may include the use of guaran-  
20 tees if otherwise authorized by law; and

21 (C) shall transfer to the purchaser all rights of  
22 the United States to demand payment of the nontax  
23 debt, other than with respect to a residuary equity,  
24 joint venture, or profit participation under subpara-  
25 graph (A)(ii).

1       (c) EXISTING AUTHORITY NOT AFFECTED.—This  
2 section is not intended to limit existing statutory authority  
3 of the head of an executive, judicial, or legislative agency  
4 to sell loans, nontax debts, or other assets.

5 **SEC. 302. REQUIREMENT TO SELL CERTAIN NONTAX**  
6 **DEBTS.**

7       (a) SALE OF DELINQUENT LOANS.—The head of  
8 each executive, judicial, or legislative agency shall sell any  
9 nontax loan owed to the United States by the later of—

10           (1) the date on which the nontax debt becomes  
11       24 months delinquent; or

12           (2) 24 months after referral of the nontax debt  
13       to the Secretary of the Treasury pursuant to section  
14       3711(g)(1) of title 31, United States Code. Sales  
15       under this subsection shall be conducted under the  
16       authority in section 301.

17       (b) SALE OF NEW LOANS.—The head of each execu-  
18 tive, judicial, or legislative agency shall sell each loan obli-  
19 gation arising from a program administered by the agen-  
20 cy, not later than 6 months after the loan is disbursed,  
21 unless the head of the agency determines that the sale  
22 would interfere with the mission of the agency administer-  
23 ing the program under which the loan was disbursed, or  
24 the head of the agency, in consultation with the Director  
25 of the Office of Management and Budget and the Sec-

1   retary of the Treasury, determines that a longer period  
2   is necessary to protect the financial interests of the United  
3   States. Such loan obligations shall be audited annually in  
4   accordance with generally accepted audit standards. Sales  
5   under this subsection shall be conducted under the author-  
6   ity in section 301.

7       (c) SALE OF NONTAX DEBTS AFTER TERMINATION  
8   OF COLLECTION ACTION.—After terminating collection  
9   action, the head of an executive, judicial, or legislative  
10   agency shall sell, using competitive procedures, any nontax  
11   debt or class of nontax debts owed to the United States  
12   unless the head of the agency, in consultation with the  
13   Director of the Office of Management and Budget and the  
14   Secretary of the Treasury, determines that the sale is not  
15   in the best financial interests of the United States. Such  
16   nontax debts shall be audited annually in accordance with  
17   generally accepted audit standards.

18       (d) LIMITATIONS.—(1) The head of an executive, ju-  
19   dicial, or legislative agency shall not, without the approval  
20   of the Attorney General, sell any nontax debt that is the  
21   subject of an allegation of or investigation for fraud, or  
22   that has been referred to the Department of Justice for  
23   litigation.

24       (2) The head of an executive, judicial, or legislative  
25   agency may exempt from sale any class of nontax debts

1 if the head of the agency determines that the sale would  
2 interfere with the mission of the agency administering the  
3 program under which the indebtedness was incurred.

## 4 **TITLE IV—TREATMENT OF HIGH** 5 **VALUE NONTAX DEBTS**

### 6 **SEC. 401. ANNUAL REPORT ON HIGH VALUE NONTAX** 7 **DEBTS.**

8 (a) IN GENERAL.—Not later than 90 days after the  
9 end of each fiscal year, the head of each agency that ad-  
10 ministers a program that gives rise to a delinquent high  
11 value nontax debt shall submit a report to Congress that  
12 lists each such debt.

13 (b) CONTENT.—A report under this section shall, for  
14 each debt listed in the report, include the following:

15 (1) The name of each person liable for the debt,  
16 including, for a person that is a company, coopera-  
17 tive, or partnership, the names of the owners and  
18 principal officers.

19 (2) The amounts of principal, interest, and pen-  
20 alty comprising the debt.

21 (3) The actions the agency has taken to collect  
22 the debt, and prevent future losses.

23 (4) Specification of any portion of the debt that  
24 has been written-down administratively or due to a  
25 bankruptcy proceeding.

1           (5) An assessment of why the borrower de-  
2       faulted.

3       (c) DEFINITIONS.—In this title:

4           (1) AGENCY.—The term “agency” has the  
5       meaning that term has in chapter 37 of title 31,  
6       United States Code, as amended by this Act.

7           (2) HIGH VALUE NONTAX DEBT.—The term  
8       “high value nontax debt” means a nontax debt hav-  
9       ing an outstanding value (including principal, inter-  
10      est, and penalties) that exceeds \$1,000,000.

11 **SEC. 402. REVIEW BY INSPECTORS GENERAL.**

12       The Inspector General of each agency shall review the  
13      applicable annual report to Congress required in section  
14      401 and make such recommendations as necessary to im-  
15      prove performance of the agency. Each Inspector General  
16      shall periodically review and report to Congress on the  
17      agency’s nontax debt collection management practices. As  
18      part of such reviews, the Inspector General shall examine  
19      agency efforts to reduce the aggregate amount of high  
20      value nontax debts that are resolved in whole or in part  
21      by compromise, default, or bankruptcy.

1 **SEC. 403. REQUIREMENT TO SEEK SEIZURE AND FORFEIT-**  
2 **URE OF ASSETS SECURING HIGH VALUE**  
3 **NONTAX DEBT.**

4 The head of an agency authorized to collect a high  
5 value nontax debt that is delinquent shall, when appro-  
6 priate, promptly seek seizure and forfeiture of assets  
7 pledged to the United States in any transaction giving rise  
8 to the nontax debt. When an agency determines that sei-  
9 zure or forfeiture is not appropriate, the agency shall in-  
10 clude a justification for such determination in the report  
11 under section 401.

12 **TITLE V—FEDERAL PAYMENTS**

13 **SEC. 501. PROMOTING ELECTRONIC PAYMENTS.**

14 (a) EARLY RELEASE OF ELECTRONIC PAYMENTS.—  
15 Section 3903(a) of title 31, United States Code, is  
16 amended—

17 (1) by amending paragraph (1) to read as fol-  
18 lows:

19 “(1) provide that the required payment date  
20 is—

21 “(A) the date payment is due under the  
22 contract for the item of property or service pro-  
23 vided; or

24 “(B) no later than 30 days after a proper  
25 invoice for the amount due is received if a spe-



1           cific payment date is not established by con-  
2           tract;” and

3           (2) by striking “and” after the semicolon at the  
4           end of paragraph (8), by striking the period at the  
5           end of paragraph (9) and inserting “; and”, and by  
6           adding at the end the following:

7           “(10) provide that the Director of the Office of  
8           Management and Budget may waive the application  
9           of requirements under paragraph (1) to provide for  
10          early payment of vendors in cases where an agency  
11          will implement an electronic payment technology  
12          which improves agency cash management and busi-  
13          ness practice.”.

14          (b) AUTHORITY TO ACCEPT ELECTRONIC PAY-  
15          MENT.—

16               (1) IN GENERAL.—Subject to an agreement be-  
17          tween the head of an executive agency and the appli-  
18          cable financial institution or institutions based on  
19          terms acceptable to the Secretary of the Treasury,  
20          the head of such agency may accept an electronic  
21          payment, including debit and credit cards, to satisfy  
22          a nontax debt owed to the agency.

23               (2) GUIDELINES FOR AGREEMENTS REGARDING  
24          PAYMENT.—The Secretary of the Treasury shall de-

- 1 develop guidelines regarding agreements between agen-
- 2 cies and financial institutions under paragraph (1).

